



CREATING COMPETITIVE ADVANTAGE: AS A KEY FACTOR OF BUSINESS PERFORMANCE

Abdurakhmanova Shokhida

*Ferghana state technical university, PhD at the Department of Management
and marketing, shoxida.abduraxmanova 1987@gmail.com*

Boltaboyev Umidjon

Student of the group 103-25 marketing

Abstract: *This article analyzes the impact of creating competitive advantages in service organizations on efficiency. It is shown that the competitive position of the organization in the market can be strengthened through optimized resource management, the introduction of innovations, increased quality, development of personnel potential, and improvement of the management system. The article examines the main factors affecting competitiveness, including the analysis of operational efficiency and factors determining strategic positioning, and the importance of pricing policy. These approaches are assessed as the main factors for ensuring long-term sustainable development of enterprises and increasing profitability. Michael Porter's five forces model of competitiveness management and the impact of price and non-price competition on efficiency are studied in organizations in the service sector, in particular in medical institutions.*

Keywords: *competitiveness, efficiency, competitive advantages, price and non-price competition, Michael Porter's five forces model, profitability.*

Introduction. An enterprises competitiveness is a general characteristic of its operations, representing the extent to which it utilizes its economic resources more effectively than its competitors. This factor is particularly significant for medical institutions—a key sector of society—especially when aligning the quality of products and services with consumer demands. Competitiveness is crucial for every enterprise, playing a vital role in strengthening and expanding its market position. In



the middle of globalization and the rapid pace of economic change, enterprises must develop clear strategies to manage their operations effectively and gain a competitive edge. Creating competitive advantages and enhancing overall operational efficiency are key elements of such strategies. A competitive advantage refers to the benefits an enterprise holds over its competitors, encompassing factors such as product or service quality, innovation, cost control, superior customer service, and various other aspects. The State has outlined tasks such as fostering an effective, competitive environment across economic sectors, gradually reducing monopolies in product and service markets, mastering the production of fundamentally new types of goods and technologies, and thereby ensuring the competitiveness of national products in both domestic and foreign markets. Decree of the President of the Republic of Uzbekistan No. PF-6019 dated July 6, 2020, “On additional measures to further develop the competitive environment and reduce state participation in the economy” was adopted, alongside a strategy for developing competition in goods and financial markets for the 2020–2024 period [1]. The strategy aims to address issues such as the excessive regulatory burden on business entities, the lack of interest among sectoral regulators in fostering competition within their respective fields, the ineffectiveness of granting privileges and preferences, and the underdeveloped legal mechanisms for combating anti-competitive practices. Our state’s policy on enhancing the competitiveness of enterprises and entrepreneurs aims to stimulate economic growth and innovation, increase investment inflows, and create new jobs by fostering efficiently functioning markets and a healthy competitive environment. Consequently, the issue of boosting enterprise competitiveness is of vital importance today.

Literature review

An analysis of the existing literature on the subject reveals that extensive research is being conducted and that competitiveness strategies have been studied by numerous leading scholars. Specifically, insights regarding the development of theoretical and methodological aspects of competitiveness strategies in the service



sector can be found in the works of foreign researchers such as M. Porter [2], F. Kotler, A. Thompson, M. B. Shifrin, L. V. Shulgina, M. J. Talasov, A. Smith, and D. Ricardo, as well as F. Perroux, A. Marshall, J. Keynes, W. Leontief, J. Schumpeter, P. Sraffa, and K. N. Arabchikov [3]. Furthermore, this topic is addressed in the works of scholars from our republic, including N. Q. Yoldoshev [4], B. Kattakishiyev, I. Mamayusupov, U. G'afurov, and others. Based on the research of the aforementioned scholars, it has become evident that there are a number of challenges regarding the enhancement of competitiveness and efficiency in our country's service sector, and that competitive strategies play a crucial role in addressing them.

Methodology

The methodological framework of the study is based on a systems approach and employs general scientific research methods and analytical tools, such as logical and situational analysis, surveys, expert assessment techniques, observation, interviews, grouping, and comparative analysis. To conduct an in-depth study of the factors influencing competitive advantages and efficiency, data related to competitive advantages is collected from enterprises using statistical and economic analysis methods. This primarily facilitates the measurement of enterprise efficiency. These tools are utilized in various combinations at different stages of the research, ensuring the scientific validity of the final results, conclusions, and recommendations.

Discussion and results

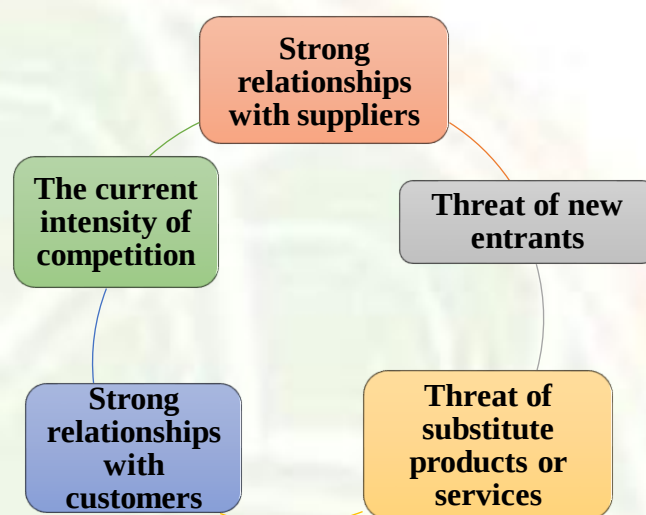
The research results highlight that the process of creating competitive advantages is a key factor influencing the efficiency of medical institutions. Specifically, enterprises that are well-endowed with factors of production can succeed in enhancing their efficiency [3]. These factors of production include labor resources (quantity, quality, and cost of labor), natural resources (land, water, mineral deposits, energy sources, climatic conditions, and geographical location), intellectual resources (patents, inventions, and knowledge), as well as capital



resources and infrastructure (transport and communication systems, healthcare and educational institutions, and cultural and housing facilities). When enterprises are well-equipped with these factors, their production and service delivery efficiency increases significantly.

Another important factor affecting competitive advantage is demand conditions

is considered. In the study of demand, its structure, the level of customer demand, mediation such as the level of demand, the amount of demand, the number of buyers and the growth pattern of demand indicators are also taken into account. These factors contribute to the formation and growth of demand has an impact, as



well as in creating competitive advantages for enterprises plays an important role.

Figure 1. Michael Porter's Five Forces Model

The five competitive forces identified by Porter and illustrated in Figure 1 include: the threat of new entrants, supplier power, buyer power, the threat of substitute products, and the intensity of competitive rivalry. To counter these forces, he proposes cost leadership, differentiation, and focus strategies as strategic approaches. It has been scientifically established that these strategies are essential for enhancing business growth and competitiveness and must be implemented through clear directions and strategic decisions. Porter's analysis demonstrates that managing a business without a strategy leads to failure, as a clear plan and direction are required to achieve competitive advantage and market success. Competitive strategies are



comprehensive plans developed to enable an organization to compete successfully against market rivals and secure a competitive advantage. These strategies involve making decisions aimed at maximizing the organization's internal strengths, realizing its goals and aspirations, and minimizing the strengths of competitors. Thus, strategy is a fundamental process that entails developing and implementing a systematic action plan designed to enhance organizational effectiveness, achieve long-term goals, and secure potential business outcomes. Applying Porter's Five Forces model assists both public and private medical institutions in formulating competitiveness strategies and finding effective solutions to existing challenges. Despite high demand and existing experience, a number of serious problems and obstacles are being encountered in efforts to enhance the competitiveness of the healthcare system. Significant challenges in this area include the high cost of innovative technologies, long payback periods, the low level of innovative development within medical institutions, a shortage of specialists with deep expertise in digital technologies, inadequate cybersecurity for patient data, and difficulties in meeting growing healthcare demands. These factors limit the efficiency of the healthcare system and reduce the competitiveness of medical institutions, thereby hindering the sector's innovative development [5]. Consequently, there is a pressing need to develop specific strategies to address and overcome these issues. Furthermore, healthcare institutions face limitations regarding their adaptability to external changes and the adoption of modern technologies—such as artificial intelligence, big data, distributed ledger technology, and remote telecommunication services. To effectively resolve these challenges, it is essential to implement well-designed, systematic strategies aimed at enhancing the competitiveness of each medical institution. This, in turn, makes it possible to enhance the efficiency of the healthcare system and achieve a competitive advantage in the global market [6].

Conclusion

The effective formulation and management of strategies aimed at enhancing competitiveness, as well as the development of competitive advantages, directly



impact performance. This long-term and critical planning process requires a deep analysis of market supply and demand, along with a thorough examination of competitors' pricing policies and areas of strength. Based on such analysis, an enterprise can accurately define its strategic direction and establish competitive advantages tailored to market conditions [7]. Michael Porter's "Five Forces" model serves as an effective analytical tool for managing competitiveness. This model is significant for medical institutions in establishing competitive advantages and correctly defining their approaches to the healthcare market. In Porter's model, the effective management of each force contributes to the strategic success of the enterprise or institution. Applying the model in the medical sector—particularly in managing competitiveness—offers the following advantages: understanding and managing competitiveness is crucial because each competitive force outlined in Porter's model directly influences an enterprise's strategic decisions. To enhance the efficiency of a medical institution, it is essential to effectively manage new market entrants, the activities of existing competitors, supplier power, and patient demands.

If competition intensifies, the institution is compelled to improve its services, as such changes become essential for maintaining competitiveness [8]. Through continuous monitoring, adaptability to market conditions, and risk management, the institution can optimize its strategic resources, meet market demands, and strengthen its competitive position. This process, in turn, is a key factor in the enterprise's long-term success. Regarding strategic decision-making, this model assists the medical institution in analyzing the market and formulating strategic decisions. For instance, the competitive strength of rivals compels the institution to provide high-quality services, while the threat of new entrants creates a need for effective management and the implementation of innovations [9].

Meanwhile, the bargaining power of suppliers necessitates improved cooperation between the medical institution and its equipment and pharmaceutical suppliers. Such analyses enable an institution to develop competitive strategies and achieve efficiency through them. Furthermore, adapting to patient needs and



minimizing risks are also crucial measures. In general, every enterprise implements a competitive strategy to satisfy customers, outperform competitors, enhance its market image, and adapt to changing market conditions. Ultimately, this leads to improved performance and the achievement of a competitive advantage [10].

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